

January 31, 2001

Honorable Norman K. Ferguson, Senate Chair
Honorable William R. Savage, House Chair
Joint Standing Committee on Utilities & Energy
115 State House Station
Augusta, ME 04333

Re: LD 33, An Act to Lower In-state Phone Costs for Rural Maine

Dear Senator Ferguson and Representative Savage:

For reasons discussed below, the Commission will testify in opposition to LD 33, An Act to Lower In-state Phone Costs for Rural Maine, as it is written. The Commission will be present at the work session and will be pleased to work with the Committee as it considers this bill.

LD 33 requires the Commission to expand a single-exchange basic service calling area upon petition by five or more customers, and sets parameters for recovery of resulting costs by the affected telephone carrier.

The Commission essentially agrees with what we believe to be the basic intent of this bill, which is to find a systematic way to offer wider options for toll-free calling in the small number of single-exchange calling areas that exist in Maine. Customers in these calling areas have desired improved options for a number of years. In 1994, the Commission developed a successful procedure for responding to many customers who desired expanded service (the so-called BSCA Rule), but the procedure did not satisfy all Maine's customers. In addition, the Commission occasionally expands calling areas when petitioned, but generally avoids requiring a telephone carrier to expand its area if the situation does not conform to the BSCA Rule. Despite these actions, three single-exchange areas currently remain in central Maine that have toll-free access to fewer locations than do most areas. In addition, three remote exchanges and four islands cannot call toll-free outside their exchanges. Finally, a variety of communities remain that have toll-free access beyond their basic calling area, but whose customers desire toll-free access to additional locations.

With these communities in mind, the Commission has opened an inquiry into new ways to systematically expand basic service calling areas. The inquiry seeks to determine conditions that will trigger expansions that satisfy the maximum number of

customers, while denying expansions that are excessively costly or that satisfy a minimal number of customers. The inquiry should result in the most effective method for satisfying petitions for calling area expansion.

The Commission opposes LD 33 as written, because it imposes no guidelines to ensure that the most efficient or effective expansions would occur. Essentially, any five customers would receive the expansion that they desire, regardless of the expense imposed on all other customers. While some expansions would likely be inexpensive, causing little increase in rates to remaining customers, that outcome is unlikely in many cases.

In addition, we note that the bill will apply only to the 16 single-exchange areas in Maine, and will offer no relief to those areas that already allow toll-free calling to more than one exchange.

Further, we recognize that some customers have expected a solution to their problem for a number of years. With this fact in mind, the Commission is willing to work with the telephone carriers that serve the three single-exchange areas in Central Maine, to again attempt to develop a unique expansion plan for those areas. While we cannot guarantee the outcome, we will work diligently to encourage all entities to reach a conclusion that is satisfactory to consumers while fairly compensating telephone carriers.

Finally, if the Committee chooses to pass LD 33, we suggest that the bill be revised to direct the Commission, by a date certain, to implement guidelines that will govern which requested expansions will be approved.

The Commission recommends that the Committee report out LD 33 as ought-not-to-pass or to revise the language as suggested in the previous paragraph. If you have any questions regarding this matter please contact me.

Sincerely,

Marjorie R. McLaughlin
Legislative Liaison